

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA 90640**

Tuesday, April 24, 2012

8:00 AM

AUDIO LINK FOR THE ENTIRE MEETING. (12-1878)

Attachments: [AUDIO](#)

Present: Member Cisneros, Member Bruckner, Member Sutkin, Member
 Plotkin, Member Breskin and Member Hidalgo

Absent: Chancellor of California Appointee

I. CALL TO ORDER

Ivonne Umana, Oversight Board Staff called the meeting to order at 8:00 a.m.

II. ADMINISTRATIVE MATTERS

1. Self introductions of newly appointed Oversight Board members and staff.
 (12-1705)

Self-introductions were made.

2. Election of Chair and Vice-Chair for the Oversight Board. (12-1706)

**Ivonne Umana, Oversight Board Staff called for nominations from the
Board Members for Chair.**

**Board Member Hidalgo nominated Board Member Breskin to serve as
Chair.**

**On motion of Board Member Hidalgo, and by common consent, there being
no objection, Board Member Breskin was appointed Chair of the Montebello
Oversight Board.**

**Chair Breskin called for nominations from the Board Members for Vice
Chair.**

Chair Breskin nominated Board Member Bruckner to serve as Vice Chair.

On motion of Chair Breskin, seconded by Member Hidalgo and by common consent, Board Member Bruckner was appointed Vice Chair of the Board.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

3. Request the Chair to give a brief overview of duties and procedures of the Montebello Oversight Board. (12-1707)

Chair Breskin provided a brief overview and explained that the creation of Oversight Boards was a result of the California Supreme Court's decision to dissolve Redevelopment Agencies (RDA). The City of Montebello chose to be the Successor Agency to the RDA.

The responsibility of the Oversight Board (Board) is to oversee the dissolution of the Montebello Redevelopment Agency and ensure the existing obligations of the former RDA are met. The actions of the Board are subject to review and approval of the State Department of Finance and the State Controller's office pursuant to State law.

4. Designation of a contact person who shall serve as the point of contact for the State Department of Finance inquires. (12-1708)

On motion of Chair Breskin, seconded by Board Member Plotkin, Michael Huntley, Director of Planning and Community Development, City of Montebello was designated contact person to the State Department of Finance.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

5. Approval of Oversight Board Rules and Procedures. (12-1709)

Oversight Board staff distributed the Procedural Rules for Oversight Boards based on Robert's Rules of Order (Abridged) and in compliance with the Brown Act and ABX1 26.

On motion of Board Member Cisneros, seconded by Board Member Plotkin the Oversight Board Rules and Procedures were adopted.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

Attachments: [SUPPORTING DOCUMENT](#)

6. Establishment of dates, times and location of the regular meetings of the Oversight Board. (Continued from the meeting of 4-24-12) (12-1710)

The members agreed to schedule the next meeting and discuss establishing future meetings at that time.

On motion of Board Member Cisneros, seconded by Chair Breskin, the next meeting was scheduled for 8:00 a.m., May 2, 2012 at City of Montebello Council Chambers; this item will be placed on the next agenda to establish a regular meeting for the Oversight Board.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

III. OVERSIGHT BOARD

7. Recommendation: Review and approve the following Items under the Recognized Obligation Payment Schedules (ROPS) for the period of February 1, 2012 - June 30, 2012, which were continued from the meeting of April 24, 2012:

- Certificate of Participation for MHRP, MERP and SMRP
- Advances made by the City on behalf of RDA for MHRP, MERP and SMRP
- Pension Obligation for MHRP, MERP and SMRP
- Attorney's Fees for MHRP, MERP and SMRP
- MERP Advances from Other Project Fund (listed as items 5 - 10 on ROPS)
- MERP Ostrom Chevrolet Agreement (12-1711)

Mr. Huntley provided the members with documentation on the background of the following RDA project areas and the ROPS for February 1, 2012 - June 30, 2012 period for each of the areas.

- **Montebello Hills Redevelopment Project Area (MHRP)**
- **Montebello Economic Revitalization Project Area (MERP)**
- **South Montebello Industrial Redevelopment Project Area (SMRP)**

Board members requested further documentation and had questions on the following items listed on the ROPS for each of the RDA projects:

- **Certificate of Participation:**

Francesca Tucker-Schuyler, Director of Finance, City of Montebello explained that the former RDA had a reciprocal reimbursement agreement between the RDA and the City for the project areas. The obligation for debt service is with the former RDA until Fiscal Year 2014/2015.

Vice Chair Bruckner questioned the timeline of the agreement and stated that his understanding is that the reciprocal reimbursement agreement needed to be entered into within 2 years of the creation of the agency.

Michael Huntley, Director of Planning and Community Development, stated that the agency was created in 1969.

Vice Chair Bruckner requested further clarification on the source law in regards to the timing and stated that there was an addendum to the RDA training manual that addresses this issue.

Mr. Huntley informed the members that supplemental documentation will be provided for the items listed on the ROPS.

Vice Chair Bruckner stated that the County Auditor-Controller will be providing the source documents that address the enforceability of obligations in regards to the timing of the agreement creation.

- **Montebello Hills Housing Deferral:**

Mr. Huntley explained the Montebello Hills Housing Deferral as an agreement with the RDA. The RDA deferred payments to the Housing set aside fund, the agreement specified the RDA would repay the deferral, and there is a payment schedule associated with the deferral of housing set aside funds. The City will provide supporting documents for this agreement.

- **Repayment on Advance (Advances made by the City on behalf of RDA):**

Mr. Huntley explained that the City made payments for the RDA to avoid default on obligations.

Ms. Tucker-Schuyler explained that these were advances made on behalf of the RDA with an agreement between the City and the RDA that the reimbursement would be due to the City by June 30, 2011.

Vice Chair Bruckner questioned if this was an enforceable obligation as determined by the law and requested further clarification and supporting documentation from the City.

- **Pension Obligation:**

Ms. Tucker-Schuyler explained that this is the estimated pension liability of former RDA employees. Vice Chair Bruckner requested documentation.

- **Attorney's Fees:**

Mr. Huntley explained that the attorney fees are associated with ongoing litigation for two of the RDA projects and includes the cost for servicing the Successor Agency.

Members questioned if the attorney fees should be categorized as an administrative obligation and requested further clarification.

- **Contractual Services:**

Mr. Huntley stated that this obligation is a contractual service agreement with an independent consultant to assist with the winding down of finances and not categorized as an administrative obligation.

Vice Chair Bruckner requested supporting documentation and questioned if the obligation should be captured under the administrative obligation; 5% rule. The City Director of Finance will provide the members with documentation.

- **MERP Hilton Garden Hotel:**

Mr. Huntley explained that the RDA pledged future tax increment if there was a default on the debt obligation associated with the hotel, it is a contingent obligation.

Mr. Arnold Alvarez-Glasman, City Attorney and Counsel for the former RDA provided further explanation and disclosed that he is not speaking in the capacity of an advisor. He explained that there is an existing agreement and although there is no current payment scheduled for the time period being reviewed, it is an ongoing potential debt. The ROPS includes the total obligation amount should there be a default.

Ms. Tucker-Schuyler stated that the debt was issued in 2004.

- **MERP Advances from Other Project Funds to MERP:**

Mr. Huntley clarified that there were advances made from other project areas to fund MERP.

Members questioned the eligibility of the obligation, and requested the payment schedule from the City.

- **MERP Ostrom Chevrolet Agreement:**

Mr. Huntley explained that the RDA had purchased Ostrom Chevrolet and is an ongoing debt based on the purchase agreement.

Board Member Sutkin requested supporting documentation on the agreement.

On motion of Board Member Plotkin, seconded by Vice Chair Bruckner, the ROPS for the period of January 2012 through June 2012 were approved with the exception of the following items which were continued to May 2, 2012 for further review and supporting documentation from the City:

- **Certificate of Participation for MHRP, MERP and SMRP**
- **Advances made by the City on behalf of RDA for MHRP, MERP and SMRP**
- **Pension Obligation for MHRP, MERP and SMRP**
- **Attorney's Fees for MHRP, MERP and SMRP**
- **MERP Advances from Other Project Fund (listed as items 5 – 10 on ROPS)**
- **MERP Ostrom Chevrolet Agreement**

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

Attachments: [Recognized Obligation Payment Schedules February 1, 2012 - June 30.](#)

8. Recommendation: Review and approve Recognized Obligation Payment Schedules (ROPS) for the period of July 1, 2012 - December 31, 2012. (Continued from the meeting of 4-24-2012) (12-1712)

Ms. Tucker-Schuyler stated that questions posed and discussed under Agenda Item 7 would apply to this item as well and recommended deferring discussion until the next meeting when the City Staff will report back with answers.

Board Member Sutkin requested an explanation on the MHRP Costco obligation.

Mr. Huntley explained that the Costco item listed is a contractual agreement, it is a lease option to purchase, with Costco having the first right to purchase the property. The Successor agency currently owns the property; it is a potential future income with an agreement that Costco has the option to purchase. This will be evaluated further when assessing the disposal of assets.

On motion of Chair Breskin and by common consent, this item was continued to May 2, 2012 for further review and supporting documentation from the City.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

Attachments: [Recognized Obligation Payment Schedules July 1, 2012 - December](#)

9. Recommendation: Approve the Repayment Schedule for amount owed to Low Moderate Income Housing Fund. (Continued from the meeting of 4-24-2012) (12-1713)

Mr. Huntley stated that City staff will provide more insight at the next meeting.

Vice Chair Bruckner requested the supporting documentation be sent to the members prior to the next meeting to allow time for review.

On motion of Board Member Cisneros, seconded by Vice Chair Bruckner, Agenda Items 9 through 13 were continued to May 2, 2012 for supporting documentation to be provided by City Staff.

Ayes: 6 - Chair Breskin, Vice Chair Bruckner, Member Sutkin, Member Plotkin, Member Cisneros and Member Hidalgo

- 10.** Recommendation: Request the Successor Agency to provide documentation of all encumbered and unencumbered Low and Moderate Housing Funds. (Continued from the meeting of 4-24-12) (12-1715)

This item was discussed and continued under Agenda Item 9.

- 11.** Recommendation: Direct the Successor Agency to report on the sufficiency of cash flow. (Continued from the meeting of 4-24-12) (12-1716)

This item was discussed and continued under Agenda Item 9.

- 12.** Recommendation: Approve the Successor Agency Administrative Budget. (Continued from the meeting of 4-24-12) (12-1717)

This item was discussed and continued under Agenda Item 9.

- 13.** Recommendation: Direct Successor Agency to remit unencumbered fund balances to the Los Angeles County Auditor-Controller for distribution to the taxing entities, including the unencumbered balances of Low and Moderate Income Housing Funds. (Continued from the meeting of 4-24-12) (12-1718)

This item was discussed and continued under Agenda Item 9.

IV. DISCUSSION ITEMS

- 14.** Consideration of retaining Legal Counsel services for the Oversight Board. (Continued from the meeting of 4-24-12) (12-1719)

Board Member Hidalgo made a recommendation of law firms to be considered.

Board Member Sutkin requested feedback from County Counsel.

County Counsel stated that there an RFP is not required and that Oversight Boards are choosing different methods in considering legal counsel.

On motion of Board Member Hidalgo, seconded by Vice Chair Bruckner this item was continued to May 2, 2012 for the following:

- **A list of recommendations of attorneys in the area of redevelopment to be provided by members.**
- **Clarification on whether attorney's fees should be captured under administrative costs.**
- **Clarification if the Board is able to contract legal counsel as an ROP item.**

V. MISCELLANEOUS

- 15. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future meeting). (12-1722)**

There were none.

- 16. Public comment. (12-1724)**

Yvonne Watson, resident of Montebello addressed the Board.

- 17. Adjournment (12-1724)**

The Board adjourned the meeting at 9:45 a.m.